

UNITED STATES BANKRUPTCY COURT

Northern District of California

In re CT Drives, LLC,
Debtor

Case No. _____

Small Business Case under Chapter 11

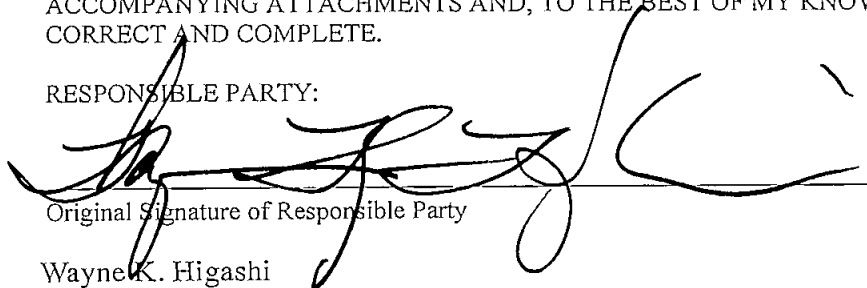
SMALL BUSINESS MONTHLY OPERATING REPORT

Month: September 2012Date filed: October 10, 2012Line of Business: Technology Licensing

NAISC Code: _____

IN ACCORDANCE WITH TITLE 28, SECTION 1746, OF THE UNITED STATES CODE, I DECLARE UNDER PENALTY OF PERJURY THAT I HAVE EXAMINED THE FOLLOWING SMALL BUSINESS MONTHLY OPERATING REPORT AND THE ACCOMPANYing ATTACHMENTS AND, TO THE BEST OF MY KNOWLEDGE, THESE DOCUMENTS ARE TRUE, CORRECT AND COMPLETE.

RESPONSIBLE PARTY:



Original Signature of Responsible Party

Wayne K. Higashi

Printed Name of Responsible Party

Questionnaire: (All questions to be answered on behalf of the debtor.)

	Yes	No
1. IS THE BUSINESS STILL OPERATING?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
2. HAVE YOU PAID ALL YOUR BILLS ON TIME THIS MONTH?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
3. DID YOU PAY YOUR EMPLOYEES ON TIME?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
4. HAVE YOU DEPOSITED ALL THE RECEIPTS FOR YOUR BUSINESS INTO THE DIP ACCOUNT THIS MONTH?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
5. HAVE YOU FILED ALL OF YOUR TAX RETURNS AND PAID ALL OF YOUR TAXES THIS MONTH?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
6. HAVE YOU TIMELY FILED ALL OTHER REQUIRED GOVERNMENT FILINGS?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
7. HAVE YOU PAID ALL OF YOUR INSURANCE PREMIUMS THIS MONTH?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
8. DO YOU PLAN TO CONTINUE TO OPERATE THE BUSINESS NEXT MONTH?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
9. ARE YOU CURRENT ON YOUR QUARTERLY FEE PAYMENT TO THE U.S. TRUSTEE?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
10. HAVE YOU PAID ANYTHING TO YOUR ATTORNEY OR OTHER PROFESSIONALS THIS MONTH?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
11. DID YOU HAVE ANY UNUSUAL OR SIGNIFICANT UNANTICIPATED EXPENSES THIS MONTH?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
12. HAS THE BUSINESS SOLD ANY GOODS OR PROVIDED SERVICES OR TRANSFERRED ANY ASSETS TO ANY BUSINESS RELATED TO THE DIP IN ANY WAY?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
13. DO YOU HAVE ANY BANK ACCOUNTS OPEN OTHER THAN THE DIP ACCOUNT?	<input type="checkbox"/>	<input checked="" type="checkbox"/>

B 25C (Official Form 25C) (12/08)

- | | | |
|-------------------------------------------------------------------|--------------------------|-------------------------------------|
| 14. HAVE YOU SOLD ANY ASSETS OTHER THAN INVENTORY THIS MONTH? | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| 15. DID ANY INSURANCE COMPANY CANCEL YOUR POLICY THIS MONTH? | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| 16. HAVE YOU BORROWED MONEY FROM ANYONE THIS MONTH? | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| 17. HAS ANYONE MADE AN INVESTMENT IN YOUR BUSINESS THIS MONTH? | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| 18. HAVE YOU PAID ANY BILLS YOU OWED BEFORE YOU FILED BANKRUPTCY? | <input type="checkbox"/> | <input checked="" type="checkbox"/> |

TAXES

DO YOU HAVE ANY PAST DUE TAX RETURNS OR PAST DUE POST-PETITION TAX OBLIGATIONS? ☐ ☒

IF YES, PLEASE PROVIDE A WRITTEN EXPLANATION INCLUDING WHEN SUCH RETURNS WILL BE FILED, OR WHEN SUCH PAYMENTS WILL BE MADE AND THE SOURCE OF THE FUNDS FOR THE PAYMENT.

(Exhibit A)

INCOME

PLEASE SEPARATELY LIST ALL OF THE INCOME YOU RECEIVED FOR THE MONTH. THE LIST SHOULD INCLUDE ALL INCOME FROM CASH AND CREDIT TRANSACTIONS. (THE U.S. TRUSTEE MAY WAIVE THIS REQUIREMENT.)

TOTAL INCOME \$ 636

SUMMARY OF CASH ON HAND

Cash on Hand at Start of Month \$ 15581

Cash on Hand at End of Month \$ 10884

PLEASE PROVIDE THE TOTAL AMOUNT OF CASH CURRENTLY AVAILABLE TO YOU TOTAL \$ 10884

(Exhibit B)

EXPENSES

PLEASE SEPARATELY LIST ALL EXPENSES PAID BY CASH OR BY CHECK FROM YOUR BANK ACCOUNTS THIS MONTH. INCLUDE THE DATE PAID, WHO WAS PAID THE MONEY, THE PURPOSE AND THE AMOUNT. (THE U.S. TRUSTEE MAY WAIVE THIS REQUIREMENT.)

TOTAL EXPENSES \$ 5333

(Exhibit C)

CASH PROFIT

INCOME FOR THE MONTH (TOTAL FROM EXHIBIT B) \$ 636

EXPENSES FOR THE MONTH (TOTAL FROM EXHIBIT C) \$ 5333

(Subtract Line C from Line B)

CASH PROFIT FOR THE MONTH \$ -4697

UNPAID BILLS

PLEASE ATTACH A LIST OF ALL DEBTS (INCLUDING TAXES) WHICH YOU HAVE INCURRED SINCE THE DATE YOU FILED BANKRUPTCY BUT HAVE NOT PAID. THE LIST MUST INCLUDE THE DATE THE DEBT WAS INCURRED, WHO IS OWED THE MONEY, THE PURPOSE OF THE DEBT AND WHEN THE DEBT IS DUE. *(THE U.S. TRUSTEE MAY WAIVE THIS REQUIREMENT.)*

TOTAL PAYABLES \$ 35294

(Exhibit D)

MONEY OWED TO YOU

PLEASE ATTACH A LIST OF ALL AMOUNTS OWED TO YOU BY YOUR CUSTOMERS FOR WORK YOU HAVE DONE OR THE MERCHANDISE YOU HAVE SOLD. YOU SHOULD INCLUDE WHO OWES YOU MONEY, HOW MUCH IS OWED AND WHEN IS PAYMENT DUE. *(THE U.S. TRUSTEE MAY WAIVE THIS REQUIREMENT.)*

TOTAL RECEIVABLES \$ 32000

(Exhibit E)

BANKING INFORMATION

PLEASE ATTACH A COPY OF YOUR LATEST BANK STATEMENT FOR EVERY ACCOUNT YOU HAVE AS OF THE DATE OF THIS FINANCIAL REPORT OR HAD DURING THE PERIOD COVERED BY THIS REPORT.

(Exhibit F)

EMPLOYEES

NUMBER OF EMPLOYEES WHEN THE CASE WAS FILED? 0
 NUMBER OF EMPLOYEES AS OF THE DATE OF THIS MONTHLY REPORT? 0

PROFESSIONAL FEES***BANKRUPTCY RELATED:***

PROFESSIONAL FEES RELATING TO THE BANKRUPTCY CASE PAID DURING THIS REPORTING PERIOD? \$ 0

TOTAL PROFESSIONAL FEES RELATING TO THE BANKRUPTCY CASE PAID SINCE THE FILING OF THE CASE? \$ 0

NON-BANKRUPTCY RELATED:

PROFESSIONAL FEES NOT RELATING TO THE BANKRUPTCY CASE PAID DURING THIS REPORTING PERIOD? \$ 0

TOTAL PROFESSIONAL FEES NOT RELATING TO THE BANKRUPTCY CASE PAID SINCE THE FILING OF THE CASE? \$ 0

PROJECTIONS

COMPARE YOUR ACTUAL INCOME AND EXPENSES TO THE PROJECTIONS FOR THE FIRST 180 DAYS OF YOUR CASE PROVIDED AT THE INITIAL DEBTOR INTERVIEW.

	Projected	Actual	Difference
INCOME	\$ 0	\$ 636	\$ -636
EXPENSES	\$ 0	\$ 5333	\$ -5333
CASH PROFIT	\$ 0	\$ -4697	\$ 1128

TOTAL PROJECTED INCOME FOR THE NEXT MONTH:	\$ 0
TOTAL PROJECTED EXPENSES FOR THE NEXT MONTH:	\$ 0
TOTAL PROJECTED CASH PROFIT FOR THE NEXT MONTH:	\$ 0

ADDITIONAL INFORMATION

PLEASE ATTACH ALL FINANCIAL REPORTS INCLUDING AN INCOME STATEMENT AND BALANCE SHEET WHICH YOU PREPARE INTERNALLY.

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10/16/12
Accrual Basis

CT Drives, LLC
Profit & Loss
September 2012

	Sep 12
Income	
4100 · Sales of Products and Goods	500.00
Total Income	500.00
Cost of Goods Sold	
5200 · Development Costs	
5220 · Prototype Costs	5,008.00
Total 5200 · Development Costs	5,008.00
5300 · Reimbursable Expenses	
5310 · Automobile expense	64.99
5320 · Travel	29.70
5340 · Postage & Freight	55.50
5350 · Operating Expense	23.62
5390 · Telephone	72.95
Total 5300 · Reimbursable Expenses	246.76
Total COGS	5,254.76
Gross Profit	-4,754.76
Expense	
6200 · Bank Charges	-136.00
7200 · General and Administrative	
8000 · Patent and Legal Expenses	
8100 · Legal	325.00
Total 8000 · Patent and Legal Expenses	325.00
Total 7200 · General and Administrative	325.00
7700 · Product Development Expense	
7740 · R&D - Other Development Costs	396.16
Total 7700 · Product Development Expense	396.16
Total Expense	585.16
Net Income	-5,339.92

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CT Drives, LLC

10/16/12

Summary Balance Sheet

Accrual Basis

As of September 30, 2012

	Sep 30, 12
ASSETS	
Current Assets	
Checking/Savings	10,884.03
Accounts Receivable	39,358.45
Other Current Assets	182,113.42
Total Current Assets	232,355.90
Fixed Assets	7,203.20
Other Assets	-55,114.14
TOTAL ASSETS	184,444.96
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	76,167.22
Credit Cards	113.62
Other Current Liabilities	28,395.57
Total Current Liabilities	104,676.41
Long Term Liabilities	565,292.72
Total Liabilities	669,969.13
Equity	-485,524.17
TOTAL LIABILITIES & EQUITY	184,444.96

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10/16/12

CT Drives, LLC
Statement of Cash Flows
September 2012

	Sep 12
OPERATING ACTIVITIES	
Net Income	-5,339.92
Adjustments to reconcile Net Income to net cash provided by operations:	
2000 - Accounts Payable	1,379.97
2110 - Diners Club	-737.05
Net cash provided by Operating Activities	-4,697.00
Net cash increase for period	-4,697.00
Cash at beginning of period	15,581.03
Cash at end of period	10,884.03



Thank you for banking with us
since 2008

CY30Z 080000 0175925-206469 965968
CT DRIVES LLC
CHAPTER 11 DEBTOR IN POSSESSION
CASE #11-60198
1484 POLLARD ROAD STE 192
LOS GATOS CA 95032

■ Access account information and key online services using your smartphone with Union Bank's Mobile Business Center. Check balances, make intra-bank transfers, approve wires securely, and view and make decisions on Positive Pay exceptions wherever you have mobile Internet service. To enroll in mobile banking, go to the Online Business Center. To learn more, call your treasury relationship manager or contact Global-Treasury Management Sales at 800-883-0285.

BUSINESS ESSENTIALS CHECKING SUMMARY

Account Number: 2180064500

Days in statement period: 28

Beginning balance on 9/1	\$	15,581.03
Total Credits		636.00
Electronic credits (1)	500.00	
Other credits and adjustments (1)	136.00	
Total Debits		-5,333.00
Electronic debits (4)	-5,008.00	
Other debits, fees and adjustments (1)	-325.00	
Ending Balance on 9/28	\$	10,884.03

C R E D I T S

Electronic credits

Date	Description	Reference	Amount
9/12	PAYPAL TRANSFER PPD *****7GNC	54423646 \$	500.00

Other credits and adjustments

Date	Description	Reference	Amount
9/11	MISC FEE REVERSAL	99350911 \$	136.00

D E B I T S

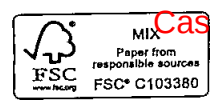
Electronic debits

Date	Description	Reference	Amount
9/4	RJS Machine Prod BILL PYMT 120904 CT DRIVES	62484514 \$	2,903.00
9/10	RJS Machine Prod BILL PYMT 120910 CT DRIVES	62549055	1,880.00
9/21	RJS Machine Prod BILL PYMT 120921 CT DRIVES	62653222	75.00
9/25	Frank Fitz BILL PYMT 120925 CONSULTANT	62692882	150.00
4 Electronic debits			Total amount \$ 5,008.00

Other debits, fees and adjustments

Date	Description	Reference	Amount
9/13	CHECK OR OTHER DEBIT	47767974 \$	325.00

Form 3400 (06/2012)



Information and Banking Office Services

For each monthly statement period your account includes:

- 200 free combined transactions (checks deposited, paid items and deposits)

For the current monthly statement period you made:

6 combined transactions.

DAILY LEDGER BALANCE

<u>Date</u>	<u>Ledger Balance</u>	<u>Date</u>	<u>Ledger Balance</u>	<u>Date</u>	<u>Ledger Balance</u>
9/1-9/3	\$ 15,581.03	9/11	\$ 10,934.03	9/21-9/24	\$ 11,034.03
9/4-9/9	12,678.03	9/12	11,434.03	9/25-9/28	10,884.03
9/10	10,798.03	9/13-9/20	11,109.03		